BOARD OF TRADE MORALITY.

A FAMILIAR example of a corner in grain is seen when a clique of merchants have bought up so many of their fellow merchants' contracts for future delivery, and at the same time have gained control of so much of the grain actually in hand, that those who have made the contracts are unable to buy at the price stipulated when the grain is deliverable. A "squeeze" results, and the cornered merchants must pay to the clique the difference between the price named in the contract and the price current at the time prescribed for delivery. The sum thus paid, less the loss that may arise on the sale of the "cash grain" purchased while sustaining the corner, constitutes the profits of the corner. While the contracts were out, those who had issued them were interested in keeping prices down, and were "bearing" the market. Those who held the contracts would naturally "bull" the market. The former would spread before the public all evidences that the supply was in excess of the demand. The latter would labor to prove that demand exceeded supply. The rise in price incident to such a corner would have a natural tendency to cause an inflow, from the points of production, of large quantities of the article cornered, into the point of distribution, and to stop its export or shipment. Both these influences would swell the immediate supply, thus tending to "break" the corner, and send the price below the figure named in the contract. These influences would have to be counteracted by the "bulls" buying promptly all incoming grain, and all "futures" offered, to run down the market. This is the perpetual battle which determines the daily and hourly quotations of grain. The conflict of these rival hosts gives rise to the uproar and bedlam of the grain exchange.

If the inflow of grain, or the abundant capital and confidence of the "bears," or the removal of some cause of scarcity, such

as war, drought, floods, bad seasons abroad, or other cause, break the corner, then the prices fall, the cornering clique lose, and pay the difference.

The merchants who have issued agreements to take wheat in future have "gone long," those who have issued the agreements to deliver have "sold short." These futures bear a relation to the actual grain on hand, like that which a credit currency bears to the coin in which it is redeemable. They may be many times greater in quantity, and they can be dealt in with a rapidity and dexterity unknown in sales by inspection and delivery, or by sample. It is this tendency of the futures to an exaggerated volume that makes corners possible, just as the tendency of banks to inflation may, under certain circumstances, cause suspension of redemption.

"Options," "privileges," or puts and calls, cut a subordinate figure, and, in an economic sense, none whatever. They are the mere purchase of "refusals," as they would be styled in real estate and other trades. Since the legislatures and courts have condemned them, they have ceased in Chicago, except as after hours a dealer may for a small bonus buy the privilege of putting on another 10,000 bushels of October wheat, or *vice versa*, of calling on him for it, in which case it is a mere debt of honor to the close of the next day.

To prevent corners it would be necessary to confine the purchase and sale of grain to that in sight and deliverable. This would preclude all foresight and prescience, and forbid any standard of prices, admixture of the grains of various owners, and any selling of grain by grade. Corners become inevitable the moment forecast in grain dealing is made possible.

They are not necessarily preconcerted nor intentional. If a speculator thinks, as Keene did in 1879, that a wet season in England will send wheat up, after harvest, to $1.35, and he therefore, before harvest, buys 5,000,000 bushels at $1.10, deliverable in October, and if Chicago speculators think Keene has overestimated the potency of British dampness, they may make a rush to sell him all he wants. He buys to protect the price at which he has already bought. His own purchases run up the price toward the figure at which he aims, and seem to justify his forecast. He buys up to 15,000,000 bushels, all that the Chicago elevators will hold. He buys at $1.15, and all the way up to $1.35. He has, therefore, two chances of loss. The small quan-

tity he has purchased — 15,000,000 bushels — is a mere bagatelle in the wheat market of the world, the lowest American production being 380,000,000 bushels. If he has mistaken the effect of British dampness, he is gone. The wheat market of the world is too big a thing to be cornered, unless it corners itself by a short supply. October will show whether he acted with prescience or presumption. If with prescience, wheat will not rush in, and the price will stand. If with presumption, it will break. His puny 15,000,000 bushels are powerless against the 800,000,000 bushels which he doesn't hold. His one chance of profit is the sum he squeezes out of those who have "sold short" on his "futures." His two chances of loss are that he must himself sell out much "cash wheat" at a decline, and that prices may never reach the figure at which he has aimed.

Visitors who look at the babel of a Board of Trade only to be bewildered by its din and tumult, and whose personal occupations are concerned with but few persons and small sums, stand appalled at the breakneck rate at which fortunes are lost and won in grain, and at the fluctuations of its apparent values. It matters not whether the article dealt in be the relative values of gold and paper, or grain, cotton, stocks and shares, consols, rentes, bonds or petroleum: they see in the transactions one element which is present in gambling, viz., sudden and immeasurably vast gains and losses. To see the utilities of such transactions, requires a profounder insight into the methods and harmonies of trade than they can be expected to have. They denounce the entire practice as gambling, and forthwith organize some form of campaign for its abolition, or at least stand ready at all convenient times to denounce it on ethical grounds.

The only standard by which we can test these contracts is that of utility. Do their benefits outweigh their mischiefs? Are the complaints against them founded in want of information and want of thought? If so, they are beneficent; and if beneficent, then in every ethical analysis they are right. Hostile legislation cannot make them wrong, and is very likely to demonstrate only its own futility. The advantages of future contracts in grain, founded on the system of grading grain in bulk, and issuing warehouse receipts for certain quantities of certain grades and buying and selling these receipts, as compared with the only alternative system of selling grain

by sample, or on view, are so great that it is not too much to say that to provision the civilized world, without the aid of such mechanism, would be found hardly less difficult than to transport to market the world's food material without the aid of railways.

The first function of this mechanism is to fix an authoritative price for grain, which is telegraphed every morning to all parts of the world, so that every producer and purchaser gets the quotation with his morning paper and as often during the day as he wishes. This service imports into the production and transfer of the commodity a certainty, rapidity, and economy which contrast strongly with the expense of finding out values, the confusion, imposition, chicane, overreaching, and fraud incident to the trade in the various goods which can be sold only by sample or present view, without grading, or any of the means of fixing a price which pertain to the trade in grain.

Mr. James McCreery, a leading representative of the New York dry goods trade, testified before the Tariff Commission:

> "I have been engaged in the dry goods business thirty-six years, twenty-nine years on my own account, and during that time have imported large quantities of goods. Yet I find it extremely difficult at the present time to tell within ten or fifteen per cent. what is the real value of fine goods. I go to Europe frequently and spend two or three months at a time there purchasing goods, and yet I find it difficult to come any nearer than I have stated to the value of certain goods."

There will often be from ten to thirty per cent. difference in the price of goods of the same value between different dealers in the same city, in clothing, furniture, dry goods, works of art, carriages, books, watches and jewelry,—in short, nearly every commodity whose price, or the price of whose immediate raw material, is not fought over and settled between two antagonistic sets of speculators on some Board of Trade. Yet every farmer and manufacturer knows daily, as to grain, exactly what Mr. McCreery cannot discover, by spending three months in Europe, as to dry goods. They know not merely within fifteen per cent., but within one-eighth of one per cent., the exact selling value of every variety of grain or provisions, cotton, petroleum, government bonds or railway shares, in any and all the markets of civilization. They know that millions of dollars are staked in behalf of a rise in price, and an equal number of millions in

favor of a fall, and that the actual price quoted is the precise point at which these millions balance. They know that the published quotation is one not fixed by the arbitrary determination of any one dealer, but by the aggregate verdict of them all. The grain baron who knows to a fraction the amount of grain in sight or coming, and who stands ready to buy by the million bushels, and the ostler who invests five dollars in a "bucket shop" on a point, or for luck, are both represented in that quotation, as the attractive forces of the mountain and the pebble are felt in just proportion to their weight in every moment of the earth's diurnal revolution. Hence, throughout the world, all who buy or sell trust to that quotation as their standard, and sell within half of one per cent. of it, allowing for freights and charges.

If there were fifteen per cent. of uncertainty as to the price, the producer would probably lose twelve per cent. of the fifteen. This twelve per cent. on every sale is a probable estimate of the value of the Board of Trade to the farmer. But if grain had to be bought by sample, on personal inspection and delivery, it would require an incalculable increase in the number of grain merchants and in the quantity of capital required to handle it; also in the space required for storage and in the cost of transfer, a much larger number of buyers and sellers, and a proportionately obstructive tax in the shape of commissions on the production, trade, and consumption, all of which would result in giving the consumer less for his money. The customs of trade are forced upon traders by their economy, and because he who falls in with them does more for less cost than he who refuses to accept them. Hence, every quirk and "wrinkle" in the grain trade is an economy of capital, time, or labor.

The intrinsic difficulty of fixing a value upon wheat, cotton, or petroleum, is as great as to do the same for dry goods, clothing, or jewelry. In the absence of boards of trade, not only would the margin of doubt and variance as to values be at least fifteen per cent., but a doubt or variance to this extent would check production probably to the extent of forty per cent. Such a service to production places a gulf between the strifes of the Board of Trade and gambling, as wide as that which divides plowing or reaping from faro or three-card monte.

"Futures" and "options" render a second service to commerce in steadying the market as between different dates, which indeed

is the logical sequence of their operation in imparting uniformity, throughout the world, to the prices at which grain is sold in different places, and by different persons, at the same time. The ultimate criterion which determines the validity of prices is the ratio of the supply to the demand. The speculator who can neither be successfully cornered himself, nor beaten on a corner when he forms one against others, is he who judges rightly concerning this ratio. If the normal consumption of wheat for the population of the United States be five bushels per capita per annum, while the surplus which Europe can take at $1 per bushel is 200,000,000 bushels, an American wheat crop of 550,000,000 bushels presents a surplus of 100,000,000 bushels of supply over demand. Hence, the price must go below $1; and he who combines or "bulls" to force the price up to $1.10, or even to hold it at $1, is simply presumptuous. If he offers to take wheat at those rates for any considerable period of time, the interests of commerce and the rights of consumers require that he shall be "squeezed" and, if he persists, ruined, as a punishment for fighting against natural law. In the case of the Keene wheat deal of 1879, the proof is now clear that he operated against the natural law of prices, by underestimating the capacity of the American supply rather than by overestimating the extent of the English deficiency. By expanding our export of wheat from 152,075,000 bushels in 1878–9 to 176,426,000 bushels in 1879–80, and our export of corn from 79,031,000 bushels to 103,450,000 bushels, with a like increase from India and elsewhere, the deficiency was filled without any serious rise in price. Hence his corner broke. So of the recent McGeogh lard deal. McGeogh assumed with lard at eight cents that it would go to eleven or thirteen. But the sources of supply for lard are almost inexhaustible, and with lard at nine or ten cents, hogs could be transformed into lard faster than he could pay for them. Hence his attempted corner failed, the farmers meanwhile getting good prices, which came wholly out of McGeogh, and the Board of Trade crushing his presumption in the interests of consumers of lard. There is no more chance in the operation of the law of supply and demand than in gravitation. He who buys or sells, therefore, with an adequate expert knowledge of the conditions which control prices, plays less a game of chance than he who builds his mill by a stream and expects its waters to turn his wheels and grind his grist. The minimum of losses

occurs to those who combine the best knowledge of the sources of supply and avenues of demand with the shrewdest sense and judgment as to all the collateral causes which concur to modify, qualify, and retard this main force. If the rise and fall of prices were determined by blind chance, or by causes as impossible to foresee as the deal in cards or the throw in dice, then to invest with reference to them would be gambling. If the money invested in margins on the purchase of optional grain contracts were of no utility in commerce, except to indicate the owner's faith in a certain course of the market, then the transaction might be classed with bets. But the aggregate funds invested on either side in grain options do, for the time, hold the market to its price, and constitute the investor a part owner, vested or contingent, in the aggregate stock of grain on hand. If he has invested on the "bear" side, then his little \$5 or \$100 lends its featherweight to depress prices and increase the export. If he is on the "bull" side, then he is stimulating the farmers to sell, and is checking the export. Both are part owners, vested or contingent, of the grain on hand. It matters little whether one man goes into the market with \$10,000,000 or 100,000 men go in with \$100 each, or 1,000,000 men with \$10 each, if they invest on the same side of the market and with a like sagacity, a like conformity to the law of prices, and a like pluck and reserve of capital behind them. On what data can we base the assertion that the influence of the smallest sum on either side of the scale is lost in determining the quotation or in influencing the movement of grain? If on none, then, in an economic sense, this utility distinguishes the investment wholly from any sort of bet.

If the ratio of the supply to the demand be such that wheat must go up, the sooner that is known, and the greater the number of persons to whom it is known, the more gradual will be its rise, and the more evenly will the profits of the rise be diffused among all the holders of grain. But if the rise is factitious, or its grounds fallacious, then the sooner the bubble is pricked the better for all. In the main, the whole capital invested in grain resists false rumors, false conclusions, and false judgments as to prices, and, in the main, the daily losses on the board are the penalties paid for misconceiving the market, an error which, if allowed to run on, tends constantly to more violent fluctuations in prices and to greater individual losses.

A third service performed by futures is to effect a movement

of capital from the manufacturers and consumers, through the grain board, to the shippers and farmers, in advance always of the consumption, often of the transportation, and sometimes even in advance of the complete production of the grain. In such case, these futures perform the same function that drafts, drawn by a consignor on a consignee against goods shipped and *in transitu*, perform in commerce. They advance the capital of the consumer to the producer on the credit of the shipment. If an Eastern manufacturer desires to know the price at which he can supply himself with wheat from four to six months hence, as a means of imparting firmness and safety to his own operations, he buys a "future" authorizing him to call for grain at the periods desired. The commission merchant, before selling the future, protects himself by a purchase at such a rate as to leave a fair profit. If his purchase is based on contracts with farmers, as it must be, directly or indirectly, if it calls for an article not yet in market, then the margin advanced by the manufacturer passes through the commission merchant to the farmer, and the case is essentially as if the latter had shipped directly to the manufacturer and then drawn a draft against the shipment.

Formerly, in the case of cotton, the means advanced in London and New York on these "futures" found their way to the planter himself in time to assist in the marketing, and even in the production of the crop. In the older of our Western states the farmers are generally too "fore-handed" to desire any advance, or to put a price on their crops, until they are ready to ship. But on the extreme frontiers where men are handling a great deal of land with little capital, it is still done. "Cash paid for wheat," the invariable sign throughout Western towns, indicates that the stream of capital which flows backward from the manufacturing consumer to the producer, is ready to meet the farmer everywhere at his door, and from thence to float the golden harvest into the market. If it were possible to reduce all sales of grain in Chicago to sales accompanied by actual delivery, then wheat could only be paid for in cash in the country to the extent of the surplus cash of the commission merchant who purchases. This would generally be *nil*. Hence the legend of the wheat buyer in the rural towns would be "Wheat bought on one to three months' time." The cash for the various commodities not dealt in by futures or on boards of trade, such as iron and steel, clothing, furniture, books,

jewelry, dry goods, etc., does not reach the producer until three or four months after the product leaves his hands. The same was true of the grain trade before it was handled by boards of trade, whose inseparable incidents are the blending of all shipments into one graded bulk, the issue of certificates for the grain as graded, future contracts calling for these certificates, margins, and finally corners.

It may be conceded that these benefits cost. All that has value in civilization costs. Railroads cost in loss of life. At times, banks have cost, until the most popular thing a demagogue could do was to oppose banks. Ocean steamers cost in heart-rending calamities. Government, freedom, law, all cost. It is needless to inquire, therefore, whether it is more true that boards of trade encourage the gambling spirit, by sending men whose nerves are exhausted by a whole day of feverish gains and losses in corn, to seek a continuation of the like excitement in a night of faro; or whether they divert from mischievous into useful channels the propensity for the fierce strifes and feverish gains of the play-room. It is barely possible they may so wed the most dangerous of passions to utility as to make it the faithful servant of the world's best good. A class of contracts which perform such services to commerce, which promote the production of the staff of life and cheapen bread and provisions throughout the civilized world, whose profits rest on economic law and not on blind chance, which give equality and firmness to the prices they are charged with disturbing, can only be belittled into bets or likened to the gaming table, by those whose knowledge of business is that of children. Their cost, if the account of their benefits have a debit side at all, is not to be placed in comparison with their beneficence.

The country has recently witnessed with dismay the entrance into the lists of a bold trooper, the Chevalier Henry D. Lloyd, who has ridden up and down through the crowded marts of the grain exchange, clad in the full armor of a financial reformer, with visor down and lance at rest, wearing spurs as big as mill wheels, and has gored and charged so furiously to the right and left with his bare bodkin, that any man who hereafter buys or sells an option in grain will certainly wish he had been robbing an orphan. The charm of Mr. Lloyd's style lies in the trick of granting you all the facts essential to your acquittal on any one accusation, while overwhelming you with such a multifarious hoard of new and unproved accusations, and with such

a vigor of pathos, denunciation, epithet, and entreaty, that before a hasty court, like that of public opinion, one feels doubtful whether it may not be necessary to send for the priest before he has time to send for his witnesses.

Nothing could be more satisfactory than the candor with which Mr. Lloyd seems to admit the beneficence of the Board of Trade's work, before proceeding to ask sentence of death against its promoters, because the fingers of the children are burned with the sparks that fly from its anvil. He concedes that, a hundred years ago, men had to fight against the popular sense of right for the privilege of buying grain at all to sell again, for the "popular sense of right" then said that every man who buys grain to sell again adds his profit to its price, and therefore necessarily makes bread dear. He concedes that the "popular sense of right" a hundred years ago was a very ignorant affair, and charged the agency of the middleman with making bread dear, when in fact the middle-man was doing more than any other to make it cheap. After thus showing that the "popular sense of right" of a century ago was an uninstructed idiot, utterly incapable of even thinking soberly about the grain trade, he prescribes, as a cure for the supposed evils of the present grain trade, a system of national regulation by this same "popular sense of right," *i. e.*, by a submission of questions, which they have no means of comprehending, to a general convention of the non-experts in Congress assembled.

Mr. Lloyd styles Boards of Trade vast "establishments for the manufacture of prices,"—"concentrations of news, capital, and middle-men, in a focus,"—"legislatures, whose enactments are prices," and "more than negative registers of prices determined by a conflux of forces external to them." In short, he looks upon them as clocks which, at most periods, may merely record the time, but charges that they once in awhile step outside their province and actually create the time. He thinks they are barometers that once in a while create the storm which they ought only to indicate. If this be true, it is a grave offense; I regret that Mr. Lloyd, with the great resources at his command, disdains to perceive that the proof of one such accusation would make him immortal in philosophy, for it would establish that there is a portion of the universe not governed by law.

The means of proof are plain. He has only to show that, in one instance, when the supply exceeded the demand and economic law required that prices should fall, a corner formed to send

prices up reaped a splendid harvest of profit, in spite of the ineffectual efforts of farmers to forward their crops in time to break the corner, and in spite of the efforts of news collectors to prove to capitalists and dealers that the corner was fighting against economic law.

A survey of all the facts showing that, in the case of one distinct corner, those who relied on "brute wealth" were able to speculate against the economic law (that excess of supply over demand must reduce, excess of demand over supply must raise prices) would be worth whole columns of verbal efflorescence and camp-meeting rhetoric. Before we get up an indignation meeting against Jehovah, because the sun stood still for a day to enable the Israelites to slaughter their enemies, let us settle the little question as to whether the sun did stand still.

Mr. Lloyd is not specific about dates. He speaks of a corner in 1879–1880–1881 and 1882, although he tells us there are corners all the time. Somewhere among these we are to locate the following incident:

> "At one time their wheat was piled up in the elevators and on the railroad tracks, intentionally stopping the way so that no other wheat could be got to market by the farmers and dealers. Wheat was refused to exporters at prices they could afford to pay. The English buyers went to Bombay and Calcutta; and the East Indies, which sent their first sample to Liverpool less than ten years ago, have, in consequence, taken a place next to us in supplying the British market. During the winter, four hundred vessels lay for months in New York harbor, the owners pleading for wheat even at ruinously low rates (of freight). Many of them ran into debt, and the majority of them had to sail away to seek cargoes elsewhere."

All this is breezily connected by Mr. Lloyd with the date of 1879. But alas, in 1879, instead of the steamers rotting at our wharves without cargoes, by reason of the grain being piled up in Chicago, we exported by far the largest quantity we have ever exported in any one year, being 176,426,000 bushels of wheat, and 103,450,000 bushels of corn, or fifteen times more than all our Chicago elevators could hold. If the wheat was piled up and blocked in 1879, it must have been for lack of cars and vessels to take it away as fast as it was forwarded. Our exports of that year compare with those of other years as follows, from September 1st to August 31st of each year:

	Wheat, bu.	*Corn, bu.*
1882–1883	125,402,000	45,114,000
1881–1882	125,705,000	26,290,000
1880–1881	159,975,000	83,370,000
1879–1880	176,426,000	103,450,000
1878–1879	152,075,000	79,031,000

A careful examination will show that this and the crisis in railroad freights, which immediately followed, occurred late in 1881, after the short crop of that year had made it apparent not only to our shrewdest grain buyers, but to all the world, that we were short by 700,000,000 bushels, as compared with the crop of the previous year.

It was in this winter, following the short crop of 1881, that Mr. Chauncey M. Depew testified in other language, before the committee of the New York Legislature, to the same supposed "fact" which Mr. Lloyd is above describing. Mr. Depew said:

> "At the present time the grain at Chicago is controlled by a combination which has so raised the price that it is selling for less in Liverpool than here, and the encouragement to the grain interests of Liverpool has been such that new sources of supply have been discovered which will in future compete with this country."

Evidently Mr. Lloyd and Mr. Depew are "cornering" the same fact, and Mr. Depew's testimony fixes it as an event occurring while he was testifying, which was in the winter of 1881–2, after our short crop of 1881. In fact, this was the only occasion on which wheat vessels left our ports in the manner described without being able to get cargoes.

Did the state of the supply and demand justify the high prices in Chicago, and the consequent withholding of wheat and corn from export? Let us see. The corn produced in 1881, in the United States, had been only 1,194,916,000 bushels, as against 1,754,861,535 bushels in 1880—a falling off in Indian corn alone of 559,945,535 bushels. Our total export of corn in 1880, with an abundant crop, had been 98,169,877 bushels, or only one-fifth as much as the shortage in the crop of 1881. We must either have imported corn from abroad, or used less corn than the year preceding by nearly 500,000,000 bushels. And yet both Mr. Depew and Mr. Lloyd pathetically assure us, with every variety of rhetorical cadence, that any rise in corn on this account was due to manipulation and artificial "cornering," which should be suppressed by national regulation. Hence, if we had had a board of national regulation, and Depew and Lloyd had been members of it, they would have concurred in sending corn out of the country in the year 1881, although the shortage in our crop was then five times greater than our usual annual export. Surely if the design of these gentlemen had been to prove that any attempt at national regulation, so long as the present degree of capacity for misapprehension concerning the economics of the grain market

lasts, would be a public nuisance, they could not have made their testimony so emphatic by design as they have done by inadvertence.

Our wheat crop in that year had fallen from 459,479,505 bushels in 1880, according to the census, to 380,280,000 bushels in 1881, according to Bradstreet's. Here was a decline in our production of 79,199,505 bushels, while our export of wheat and wheat flour in 1880 was 159,264,214 bushels, thus showing that the decline in production would compel a cutting down of one-half in our export, without allowing for the additional diminution of wheat export which would necessarily be caused by shortage in the other cereal crops.

The theory that the Chicago Board of Trade developed the Indian supply of wheat would, if true, defeat the charge contained in Mr. Lloyd's caption of "making bread dear." It would show them to be the most efficient of all philanthropists, as, in fact, on other grounds they are in making bread cheap. The charge contains more poetry than truth. The English had built 2500 miles of canal and immense railways in order to develop this wheat culture in India, beginning twenty years before the Chicago Board held on so tightly to the crop of 1881. We think the English did it.

Nor do we admit that the Board made bread dear in England by holding on to the crop of 1881 for a time. For the ruling English price was 5*s.* 11*d.* per bushel in 1881, or $1.47. The price American producers got for it, according to Mr. Nimmo, was $1.19. If we let it go 26 cents below the English price, then Mr. Depew's guess, that it was higher in Chicago than in Liverpool, did not define the average but some exceptional fact. Meanwhile, the American farmer got for the export of 1881, which was 118,000,000 bushels, $1.19; whereas, for the larger crop of 1880, he got only 95 cents, and for that of 1882 only $1.03. The difference between what the Board of Trade gave him for the exports, and what Depew and Lloyd would have given him, was therefore 24 cents a bushel, or say $28,320,000.

Instead, therefore, of denouncing the natural and beneficent workings of enlightened self-interest which detained the wheat, corn, and provisions in this country, through the "speculations," and with the capital of the Board of Trade, gentlemen so enlightened as Mr. Depew and Mr. Lloyd should long since have discovered their utility. Had the wheat and corn been permitted to go abroad in concession to their demands, they would only have

been brought back by the prices here being carried up to what the tearfully rhetorical class of weeping economists would call the "famine pitch."

Mr. Lloyd concedes that a great many, perhaps a majority, of the farmers believe that, to them, corners are beneficial. Test, for once, the validity of their faith in the case of this particular corner so feelingly denounced by Depew and Lloyd. The Department of Agriculture reports that, for the seven abundant crops of 1880, viz.: corn, wheat, oats, barley, rye, buckwheat, and potatoes, an aggregate of 2,885,853,071 bushels brought only $1,442,559,918, while for the same seven short crops of 1881, aggregating only 2,175,175,064 bushels, the farmers got $1,570,248,541. In short, for a crop less by 710,677,007 bushels in 1881, the farmers got more by $127,688,623 than for the more abundant crop of 1880. Hence the farmers were not far astray in this instance. Mr. Lloyd gracefully admits that the Board of Trade "mobilizes and cashes the crops of the Mississippi valley." He could hardly say more in behalf of the sun which causes them to germinate and fructify. It "brings the capital of the Bank of England and the Hopes of Amsterdam to meet the farmer when he drives up to the country station with a wagon load of grain to sell." If so, it does well. Very few missionaries or professional philanthropists, who make a living by doing good with other people's money, could do better.

Of "futures" he says that it is by their agency alone that a commercial crisis is prevented every year, and that Senator Hoar's proposal to stop trading in futures, if enacted, would produce an annual panic. But Senator Hoar, who comes from a State where no grain is dealt in, is the most intelligent of the national grain-sale regulators, as Mr. Reagan, who comes from Texas, where there are few railroads, is the most vigorous of the regulators of railways. It is the surplus spinsters in Massachusetts who are most zealous to regulate polygamy in Utah, and the nullifying planters of South Carolina, who never bought, used, or saw a pound of pig-iron, who are most alarmed about the duty on that article, which none but iron manufacturers pay.

It was John Brown, who had never seen a slave, nor a master, nor a plantation, who at fourteen years of age saw a free negro whipped with an iron rod by a citizen of a free State, 300 miles away from the slave line, and forthwith swore a

great oath that he would kindly deliver the entire slave race, of whose condition he knew nothing, into the condition of the free negro, whose suffering excited his pity, without maturing his feeble logical faculties. Thus it is that the genius for national regulation always inspires people to begin with those matters of which they know least, and to abhor all explanation of things which if they come to understand they could not denounce. Thus it is that national regulation may often mean the national bedevilment of complex questions, through the forcible application to them of the crude notions of the presumptuous non-experts, whose only qualification for dealing with them is that they live so far away from them that they have no means of discovering the utilities that lie hidden under supposed evils, or the destructiveness involved in their fancied remedies. Mr. Lloyd should be cautious how he recommends that the planters of Texas and cotton-spinners of Massachusetts receive national license to hurl a brick or a bowlder at the delicate machinery of our Western grain trade in the name of reform, when neither of them would know how to go upon the board and buy 10,000 bushels of wheat.

Mr. Lloyd says, "These corners put prices down when the farmer wants to sell, and put them up when the miller needs to buy." Surely this is not instructive. It is not merely "*sans-culotte*"-*ish*; it is "sand-lot"-ish. It is simply rant. We have farmers whose single crops of wheat alone range at from 50,000 to 1,000,000 bushels. I have known farmers in Illinois who, twenty years ago, would hold their crops of maize three years to get their price. Farmers, therefore, choose their own time for selling, and take the whole year to choose from. Mr. Lloyd admits this elsewhere, in saying of the Board that, "with all its faults, it is the finest piece of mechanism commerce has yet invented, and without it the American farmer could not retain his command of almost antipodal markets." If it is the American farmer who commands the Liverpool market, then the market cannot command the farmer.

Mr. Lloyd thinks it a grievous hardship that the Board of Trade should be left by the courts to be a law unto itself, and especially since the tribunals established within the board may include members who have interests in the very disputes they are called on to decide.

He assumes that in the courts there would be a total escape from these evils. Far from it. Those who have had most to do

with courts of law best apprehend the extent of their unsatisfactoriness. The sphere of their actual usefulness is extremely limited. They are the surviving relic of the old effort to rule society by organized force as a substitute for anarchic individual physical force. But trade cannot be forced. Its inherent nature claims freedom—not necessarily the freedom of foreign producers to trade in our markets untaxed, a travesty on true freedom of trade, but freedom from the coercive intrusions and blunders of non-experts in trade, freedom to follow the guidance of interest and the inducement of profit, freedom even to err and blunder, and to pay in losses out of one's own pocket the penalties of the error.

A church, a Masonic organization, a base-ball club, a theatrical company, a manufacturing establishment, and even a family enjoys a system of law of its own as distinctly removed from the interference of courts as is that of the Board of Trade. All these have a sphere of interior administration, in which it may be said they take their stand outside the law. A membership in either of these might come to have a pecuniary value. Yet it would be the height of absurdity for a court to attempt to sell such a membership for debt, or to enforce the election, by the other members of such an organization, of any new member whom a retiring member might desire to substitute in his stead. The abolition of just such a system of selling commissions in the British army and navy, forms one of the whitest plumes that grace the helmet of Gladstone as a reformer. But Mr. Lloyd weeps because what has just been abolished in the British army and navy as an abuse, cannot be introduced on our boards of trade as a reform. Board of Trade men cannot be more ignorant of law or of the rules of evidence than lawyers, legislatures, and judges generally are of the economics of trade and business.

Shall I stop to discuss the appalling assumption involved in Mr. Lloyd's title "Making Bread Dear"? Must economic teachers, like Spanish bull-fighters, forever enter the arena of economic discussion with these socialistic red rags in one hand, as if society were a mad bull that must be made to glare with rage before the lance's point could let in light upon his brain? Will the time never come when such irritating captions will cease to be placed over an unproved indictment?

VAN BUREN DENSLOW.

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